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C O N F I D E N T I A L SECTION 01 OF 03 DUSHANBE 000103

SIPDIS

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TAGS: [EFin](#) [Phum](#) [ENRG](#) [EAID](#) [IMF](#) [TI](#)

SUBJECT: INTERNATIONAL MISSIONS AGREE ON UNIFIED ROGHUN MESSAGE

REF: A. DUSHANBE 052

[1B.](#) 09 DUSHANBE 508

[1C.](#) DUSHANBE 67

CLASSIFIED BY: Kenneth Gross, Ambassador, Exec, DOS.

REASON: 1.4 (b), (d)

[¶1.](#) (C) Summary: Ambassador Gross convened a meeting of heads of diplomatic missions in Dushanbe to discuss a common approach to the government of Tajikistan's campaign to force its citizens to contribute to the construction of the Roghun dam. Attendees agreed on a two-pronged strategy: They would work to ensure the International Monetary Fund (IMF) looked carefully at potential violations of its assistance to Tajikistan posed by the Roghun campaign. At the same time they would present a broader set of common concerns to government officials. Attendees agreed on a set of limited, achievable goals they would seek via both approaches. Embassy Dushanbe is developing a list of talking points for meetings with government and IMF representatives. While the government is unlikely to completely back off its Roghun campaign, a unified and persistent approach by major international donors will be difficult to ignore. End summary.

#### A Unified Approach

[¶2.](#) (C) On January 20, Ambassador Gross convened a meeting of heads of diplomatic missions in Dushanbe to discuss the government of Tajikistan's campaign to extort and intimidate its citizens into buying shares in the Roghun hydroelectric project (ref A). Representatives attended from the British, French, and German embassies, as well as the European Commission office. Embassy Dushanbe Econoff and USAID Deputy Director also were present. Attendees agreed on the importance of adopting a unified approach to the issue: The government was more likely to respond productively to international concerns if they were raised with one voice. President Rahmon has (probably deliberately) linked Roghun with the very survival of the Tajik nation; any mission criticizing the campaign in isolation risks drawing a very emotional and unproductive reaction from the government.

#### Working Through the IMF

[¶3.](#) (C) Representatives agreed on a two-pronged approach. On the one hand, they would bring up a common set of concerns in individual meetings with government representatives. On the other, they would work to make sure multilateral donors, particularly the IMF, carefully considered potential violations of their assistance posed by Roghun. Even though the IMF's concerns are narrower than those of the international community as a whole -- for instance they are unlikely to consider human

rights questions -- the Fund has a degree of clout and influence with the government not shared by any other organization. Furthermore, other international lenders, such as the Asian Development Bank and the European Commission, require that the government abide by IMF agreements as a condition for their own assistance. EC Charge d'affaires ad interim Charlotte Adriaen stated flatly that if the IMF withdrew its funding she "had no problem immediately withdrawing EC funds as well." She noted that this is precisely what had happened in 2008 as a result of the National Bank misreporting scandal.

¶4. (C) At the meeting several possible violations of the IMF's Poverty Reduction and Growth Facility were identified (ref C): (1) Overall government spending was likely to expand beyond agreed-upon amounts; (2) spending on Roghun in particular would exceed the \$140 million agreed to; (3) the government is failing to meet minimal social sector spending requirements because its expenditures have been offset by forced Roghun contributions from pensioners, doctors, teachers, and other social sector employees; (4) Roghun funds are being maintained off-budget; and (5) no analysis has been conducted about adverse macroeconomic effects of the Roghun campaign.

¶5. (C) Attendees agreed to raise these concerns with their representatives on the IMF Executive Board in Washington and with a high-level IMF assessment mission coming to Tajikistan February 1-12. The goal is not only to make sure the IMF understands how important an issue Roghun is, but to help it take a firm -- but still productive -- stand in its discussions with the Tajik government. Since Roghun shares went on sale January 6, 2010, and many of the IMF's existing benchmarks (e.g., minimal social spending) apply to 2009, the Fund could

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adopt a very narrow approach and defer judgment on many Roghun questions. According to IMF Resident Representative, however, the team visiting in February will have to consider Roghun; a unified message from international donors will reinforce this focus. They will also be responsible for drafting 2010 benchmarks, which many donors believe should require government transparency regarding Roghun.

#### Approaching the Government Directly

¶6. (C) All at the meeting agreed it was also necessary to approach the government directly with concerns about the Roghun campaign. There was some discussion about whether this should be done via a joint statement or diplomatic note, perhaps from the Donor Coordination Council (DCC), or whether missions should individually voice their concerns. In the end it was agreed that a series of individual, informal meetings with government officials, all carefully emphasizing the same key concerns, was likely to be the most effective means of demonstrating the seriousness of our concerns without eliciting an unproductive response. A formal, joint effort could trigger a defiant "us-against-the world" reaction from the government. Some believed the DCC could follow up with a more targeted message focusing on potential violations of international agreements, but should steer clear of the emotions associated with the broader Roghun campaign itself.

¶7. (C) Concerns delivered directly to the government would expand on those enunciated through the IMF: (1) Numerous and persistent reports of forced purchases in Roghun raise serious concerns about human rights; (2) donors are concerned that Roghun finances lack transparency and may violate provisions of

international assistance; (3) the purchase of Roghun shares destroyed the savings of many poor Tajiks, leaving them very vulnerable to future shocks, such as poor weather, falling remittances, and increasing inflation; (4) International donors are very sympathetic to the government's desire for energy security, but they would have to carefully review their future assistance if they believed the government's policies were adding to, rather than alleviating, poverty. Embassy Dushanbe is circulating a set of suggested talking points for both the IMF and the government.

## Goals

18. (C) No one at the meeting expected the government could be convinced to reverse the Roghun campaign and return the money spent on shares, but several achievable goals were identified:

(A) The government should act to end forced purchases of Roghun shares. This includes direct government coercion of its employees, as well as the indirect coercion at universities, hospitals, private firms, and other institutions.

(B) The government should transparently account for and spend the money generated from sales of Roghun shares.

(C) The government should provide more public information about shareholder rights, including when and how shareholders may sell, transfer, or redeem their shares; what their voting rights are for the Roghun board of directors; and other specifics.

(D) Minimum social sector spending must be maintained; Roghun expenditures from social sector employees and institutions -- doctors, clinics, teachers, schools, pensioners, etc. -- should be offset by additional investment in this sector.

(E) Individuals who were fired or otherwise penalized for refusing to buy Roghun shares should be reinstated and/or entitled to a credible grievance procedure. This includes individuals who resigned in protest over the government's

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coercive policies.

19. (C) Comment: Achieving these goals, and ending the majority of human rights violations, will require balance -- donors must be firm enough to make sure the government understands the seriousness of our concerns but not so severe that it ends the discussion. A series of individual approaches all underlining the same key issues stands the best chance of achieving this. At the same time, it is important to be clear and consistent with the IMF about our concerns about financial transparency. This means approaching key IMF officials both in Dushanbe and in Washington. Though the IMF's concerns are narrower than those of the donors at large, its clout and reputation give it the best chance of ending some of the government's most flagrant practices.

GROSS